GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1982
ANSWERED ON:09.03.2001
ENTRY OF BANKS IN INSURANCE SECTOR
CHANDRA BHUSHAN SINGH

Will the Minister of FINANCE be pleased to state:

(a) the total number of proposals received from public sector banks for entering into insurance sector and the number of proposals pending with the Government out of it as on date;

(b) whether the Government are also considering to allow private sector banks to enter into insurance sector;

(c) if so, the total number of proposals received from private sector banks for entering into insurance sector; and

(d) the action taken by the Government thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL)

(a) According to Reserve Bank of India (RBI), 8 public sector banks have applied for permission to enter insurance business either by
(I) setting up joint ventures on risk participation basis,
(ii) making strategic investments in joint ventures or
(iii) undertaking agency business on behalf of insurance companies. It has permitted the State Bank of India (SBI) to set-up a life insurance subsidiary. The application of the SBI is pending with the IRDA for grant of registration to commence insurance business.

(b) All scheduled commercial banks, whether in the public sector or private sector can enter insurance business if they fulfil the criteria/ guidelines prescribed by the Reserve Bank of India.

(c) & (d) Insurance Regulatory and Development Authority has informed that only one private sector bank namely the VysyaBank Ltd has applied for registration and the same is pending with them.